

**A REGULAR MEETING
OF
THE PUBLIC SERVICE COMMISSION**

1. A Regular Meeting was called to order by Chair Dallas Winslow in the Hearing Room, 861 Silver Lake Boulevard, Dover, Delaware, on Tuesday, July 2, 2013, at 1:00 p.m. with the following Commissioners in attendance: Joann Conaway and Jaymes Lester.

The following Staff members were in attendance: Alisa Bentley, Janis Dillard, Julie Donoghue, Esquire, James Geddes, Esquire, Robert Howatt and Octavia Woodard.

2. At the request of Chair Winslow, Robert Howatt provided an update on his attendance at the MACRUC Annual Education Conference in Hershey, PA. Bob's update made note of the Chair and Commissioner's Clark and Conaway attending as well as attendance by Staff members John Farber and Connie McDowell. He reported that Chair Winslow participated on two panels and moderated one on RTOs. Commissioner Conaway moderated one panel "Water, Water Everywhere - Not a Drinkable Drop." He said there was a discussion on integrating intermittent distributed resources into the grid and how utilities would recover distribution investment costs. He briefly discussed Black Start which is region specific and used to supply electricity for system restoration in the unlikely event the entire grid would lose power.

Bob stated that Pennsylvania Governor Tom Corbett welcomed the group to Hershey, PA and that Commissioner Larry Brenner from Maryland moderated a session with Tony Alexander, First Energy President. They discussed how utilities are used for social issues and recognized that sales are not growing and need to look at new approaches.

He also mentioned that Commissioner Conaway received compliments from Delaware utility companies on the great job Delaware PSC Staff does dealing with regulatory issues.

3. Commissioner Lester motioned to adopt meeting minutes from May 7, 2013. Commissioner Conaway seconded the motion; the motion carried unanimously.

Commissioner Conaway motioned to adopt meeting minutes from May 21, 2013. Commissioner Lester seconded the motion; the motion carried unanimously.

Commissioner Lester motioned to adopt meeting minutes from June 4, 2013. Commissioner Conaway seconded the motion; the motion carried unanimously.

4. CONSENT AGENDA ITEMS:

Commissioner Conaway moved to adopt the following Consent Agenda items.

- a. IN THE MATTER OF THE APPLICATION OF TIDEWATER UTILITIES, INC., FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICES PURSUANT TO 26 DEL. C. §203C (FILED APRIL 9, 2013 AND AMENDED JUNE 21, 2013) – PSC DOCKET NO. 13-CPCN-02 (“CHESWOLD VOLUNTEER FIRE CO”)

Commission to consider Staff Memorandum and Order No. 8404.

- b. IN THE MATTER OF THE APPLICATION OF TIDEWATER UTILITIES, INC., FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE WATER SERVICES PURSUANT TO 26 DEL. C. §203C (FILED APRIL 11, 2013 AND AMENDED JUNE 21, 2013) – PSC DOCKET NO. 13-CPCN-03 (“SUSSEX 031313”)

Commission to consider Staff Memorandum and Order No. 8405.

- c. IN THE MATTER OF THE APPLICATION OF AT&T CORP. FOR AUTHORITY TO ABANDON INTRASTATE INTEREXCHANGE PAYPHONE SERVICES WITHIN THE STATE OF DELAWARE (FILED AUGUST 28, 2012) PSC DOCKET NO. 12-404

Commission to consider Staff Memorandum and Order No 8407.

Commissioner Lester seconded the motion; the motion carried unanimously.

5. REGULAR AGENDA ITEMS:

- a. IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR A CHANGE IN NATURAL GAS BASE RATES AND MISCELLANEOUS TARIFF CHANGES (FILED DECEMBER 7, 2012) – PSC DOCKET 12-546

Jim Geddes, Esquire appeared on behalf of Staff.

Regina Iorii, Esquire and David Bonar appeared on behalf of the Division of the Public Advocate.

Mr. Geddes stated this order is to change the Hearing Examiner on this matter from Connie McDowell to Mark Lawrence, if approved.

Ms. Iorii stated the Public Advocate had no comment on the proposed order.

A motion was made by Commissioner Lester and seconded by Commissioner Conaway to adopt Order No. 8402; the motion carried unanimously.

A verbatim transcript was made of the proceeding.

- b. IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR A CHANGE IN NATURAL GAS BASE RATES AND MISCELLANEOUS TARIFF CHANGES (FILED DECEMBER 7, 2012) – PSC DOCKET 12-546
-

Jim Geddes, Esquire and Malika Davis appeared on behalf of Staff.

Regina Iorii, Esquire and David Bonar appeared on behalf of Division of the Public Advocate.

Todd Goodman, Esquire appeared on the behalf of Delmarva Power & Light Company.

Mr. Geddes stated this order will allow the company to put a portion of its rate pay request into effect since the seven month timeline has expired. The memorandum that Ms. Davis prepared highlights a portion of the statute regarding limitation on the amount that the company can put under bond and confirmed the PSC is following that procedure in this particular matter.

Mr. Goodman stated Delmarva had no proposed changes to the order but questioned the second paragraph of the memorandum.

Chair Winslow responded that discussion will need to be take place in the future.

Ms. Iorii requested to be included in those discussions.

A motion was made by Commissioner Conaway and seconded by Commissioner Lester to adopt Order No. 8406; the motion carried unanimously.

A verbatim transcript was made of the proceeding.

- c. IN THE MATTER OF LEGISLATIVE PETITION FOR REVIEW AND RECOMMENDATION OF DELMARVA POWER AND LIGHT COMPANY UTILITY BILL TRANSPARENCY (FILED JUNE 20, 2013) – PSC DOCKET NO. 13-250
-

Jim Geddes, Esquire and Jason Smith appeared on behalf of Staff.

Regina Iorii, Esquire and David Bonar appeared on behalf of the Division of the Public Advocate.

Todd Goodman, Esquire appeared on the behalf of Delmarva Power & Light Company.

Representative John Kowalko and Senator David Lawson appeared on behalf of themselves and their constituents.

John Nichols appeared as a member of the public stating his intention to file intervenor status in the future.

Mr. Kowalko expressed that the time had come to discuss itemizing more transparency in the distribution side of the bill. He noted the confusion among rate payers about what they are paying for and he suggested that educating the customer will be a benefit to Delmarva because it will be easier to justify what customers are being charged. He hopes all parties will be comfortable with this.

Mr. Geddes noted that there is a draft order to open a docket to address transparency. The order will be to create dates for public notice and also suggest that a case manager should be appointed to run whatever workshops or proceedings are deemed appropriate. The order has been circulated to all the parties.

Mr. Goodman added that DPL supports transparency and it will benefit customers.

Mr. Bonar said the DPA is in support of this matter.

Mr. Nichols commented that the more information an individual has, the better it will benefit them. He is anxious to work with everyone.

A motion was made by Commissioner Conaway and seconded by Commissioner Lester to adopt Order No. 8403; the motion carried unanimously.

A verbatim transcript was made of the proceeding.

- d. IN THE MATTER OF THE APPLICATION OF DELMARVA POWER & LIGHT COMPANY FOR AN INCREASE IN ELECTRIC BASE RATES AND MISCELLANEOUS TARIFF CHANGES (FILED MARCH 22, 2013) – PSC DOCKET NO. 13-115

IN THE MATTER OF THE INVESTIGATION INTO DELMARVA
POWER & LIGHT COMPANY'S PLANNED DISTRIBUTION
INFRASTRUCTURE INVESTMENTS OVER THE NEXT FIVE YEARS
(OPENED APRIL 16, 2013) – PSC DOCKET NO. 13-152

Jim Geddes, Esquire and Kevin Neilson appeared on behalf of Staff.
Regina Iorii, Esquire and David Bonar appeared on behalf of the Division of
the Public Advocate.

Mr. Neilson explained to the Commissioners that on April 16, 2013, Staff
filed a motion to open an investigation to examine Delmarva's proposed
expenditures for reliability improvements over the course of the next several
years to maintain adequate and reliable service. On May 7, 2013, the
Commission opened Docket No. 13-152 to investigate Delmarva's proposed
distribution infrastructure and reliability investments going forward for a
period of up to five years and to determine whether Regulation Docket No. 50
should be reviewed.

He stated that Staff sought consultants in these dockets to assist with various
tasks related to reliability and distribution investments. He further stated that
Staff recommends the Commission approve the bid of Silverpoint for both
tasks with fees not to exceed \$120,000.

A motion was made by Commissioner Lester and seconded by Commissioner
Conaway to approve Silverpoint Consultant, L.L.C. not to exceed \$120,000
for both dockets.

A verbatim transcript was made of the proceeding.

6. DIRECTOR'S COMMENTS:

- a. Bob Howatt recognized Jo Donoghue for her five years of service, Charmaine Johnson for her ten years of service, and Jim Strong for his fifteen years of service.

He announced our new part-time employee Ron Teixeira. Ron will work only Mondays, Wednesdays, and Fridays.

Mr. Howatt mentioned the telecom legislation had been approved and that Staff is looking into how to implement the changes. He invited any interested parties to participate in the meeting. He further noted that PSC will be discussing legislation with the telecom companies.

He added that during the MACRUC conference, a meeting with National Association of State Energy Offices (NASEO) was held. The NASEO group

is looking for someone from the State who is authorized to speak on public policy projects regarding transmission.

There was no further business and the meeting adjourned at approximately 1:30 p.m.

Respectfully submitted,

/s/ Alisa Carrow Bentley
Secretary